

# Office of Attorney General Terry Goddard



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FOR IMMEDIATE RELEASE

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## **Terry Goddard Cracking Down on Investment Fraud in Arizona**

(Phoenix, Ariz. – Jan. 16, 2009) Attorney General Terry Goddard today announced the indictment of two Arizonans alleged to have perpetrated sophisticated, multi-million dollar investment fraud schemes.

“Unfortunately, investment fraud is not confined to Wall Street,” Goddard said. “Whether you have \$100 or \$100,000 to invest, Arizona consumers looking for legitimate financial investments in these difficult economic times deserve to be protected. I will prosecute those who seek to defraud Arizonans with the full strength of my Office.”

### **Charles Ferguson: Multi-million dollar securities frauds**

Charles Bruce Ferguson, 40, of Scottsdale, was indicted for allegedly operating elaborate investment schemes that defrauded at least 42 people of more than \$3 million since 2005.

The felony charges against Ferguson include three counts of fraudulent schemes and artifices, two counts of money laundering, 10 counts of forgery, one count of aggravated taking identity of another person, two counts of taking the identity of another person, one count of sale of unregistered securities, one count of transactions by unregistered dealers and salesmen, one count of securities fraud and 38 counts of theft.

In 2005 and 2006, Ferguson allegedly solicited seven individuals to invest amounts ranging from \$5,000 to \$50,000 each in a project to purchase a Mesa apartment complex and convert it into condominium units which would then be sold. Ferguson allegedly raised only \$165,000, a small fraction of the total money required to purchase the apartment complex. About \$100,000 of that amount was expended on fees and other costs associated with holding the monies in escrow.

Court documents allege that Ferguson did not disclose to investors that such a loss was possible. Documents also allege that, at the time the project fell through, Ferguson made numerous verbal and written misrepresentations to investors to cover up these losses. To date, the victims have received no return on their investments.

Ferguson also allegedly perpetrated a second elaborate scam from 2006-2008. According to investigators, he solicited investments to purchase a multi-million dollar bank instrument, such

as a certificate of deposit or line of credit. Investors were allegedly instructed to wire money under an agreement that the funds would be held in an account until the investment paid out over the course of several months.

Ferguson, however, is alleged to have altered investment agreements without investors' consent to allow him immediate access to the funds. When the time came for the investment to begin paying out, Ferguson again allegedly covered up the true reasons for failing to provide returns to investors as promised.

Numerous victims invested money in this supposed high-yield investment program after learning about the investment opportunity over Craigslist. It is alleged that they were promised returns of up to \$800 million over a short period of time. In some cases, Ferguson also allegedly promised that the investments would be used to fund global humanitarian efforts that paid a high rate of return.

Ferguson, who is not licensed to sell securities, allegedly used the victims' funds to purchase a Scottsdale condominium, luxury car, over \$150,000 in high-end jewelry, at least \$30,000 in tickets for luxury seats at local sporting events and \$30,000 on private jet rental fees.

Assistant Attorney General Andrei Cherny is prosecuting this case in Maricopa County Superior Court. Ferguson is currently in custody.

### **Edward Purvis: Multi-million dollar Ponzi scheme**

Edward Anthony Purvis, 39, of Chandler, was indicted this week on charges that include one count of fraudulent schemes and artifices, 21 counts of theft and 21 counts of securities fraud. Purvis allegedly collected more than \$8 million from investors through a Ponzi scheme he perpetrated in the Valley.

According to court documents, between February 2002 and March 2007, Purvis, acting through his Scottsdale-based company, Nakami Chi Group Ministries International, allegedly promised 24 percent annual returns by means of offering high interest "bridge-loans" to companies, but his company was never profitable. Court documents allege that investor funds were used to repay other investors and for Purvis' personal benefit.

This indictment follows an investigation and Order for restitution by the Arizona Corporation Commission. After a 15-day administrative hearing on the matter in December 2008, the Commission unanimously approved an order of over \$11 million in restitution and \$250,000 in administrative penalties against Purvis and his wife, Maureen.

The December 2008 Commission order found that from February 2002 until March 2007, Purvis and his wife, through their affinity with three Arizona churches, operated a Ponzi scheme through the sale of unregistered securities in the form of company stock, short-term bridge loan investments and promissory notes.

Assistant Attorney General Leroy Johnson is prosecuting this case in Maricopa County Superior Court. Purvis is currently serving an 18-month prison sentence following his conviction by a jury of one count of bribery of a Chandler police officer and four counts of harassment of public employees in attempt to disrupt the Arizona Corporation Commission's initial investigation of his investment scheme.

The Attorney General's Office Criminal Division aggressively prosecutes white-collar fraud and organized crime in Arizona. In addition to putting criminals who run these schemes in prison, the division successfully recovered \$28.5 million in restitution for Arizona victims of complex financial and high-technology crimes during fiscal year 2007-2008.

If you believe you have been a victim of criminal or consumer fraud, please contact the Attorney General's Office in Phoenix at 602.542.5763, in Tucson at 520.628.6504 or outside the Phoenix and Tucson metro areas at 1.800.352.8431. To file a complaint in person, the Attorney General's Office has satellite offices throughout the state with volunteers available to help. Locations and hours of operation are posted on the Attorney General's Web site, [www.azag.gov](http://www.azag.gov). Consumers can also file complaints online at the Attorney General's Web site.

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